


**CITY OF ALAMEDA**  
Memorandum

To: Honorable Mayor and Members of the City Council  
  
Honorable Chair and  
Members of the Community Improvement Commission  
  
Honorable Chair and  
Members of the Alameda Reuse and Redevelopment Authority

From: John A. Russo  
City Manager/Executive Director 

Date: June 28, 2011

Re: Adopt Resolutions for the City of Alameda, Community Improvement Commission and the Alameda Reuse and Redevelopment Authority Approving and Adopting the Operating and Capital Budget for Fiscal Year 2011-2012

**BACKGROUND**

A summary of the proposed budget and forecast for the City of Alameda, Community Improvement Commission (CIC) and Alameda Reuse and Redevelopment Authority (ARRA) for Fiscal Years 2011-12 and 2012-13 was presented to the City Council on May 31, 2011. This report includes the attached Budget and Forecast for Fiscal Years 2011-12 and 2012-13 and incorporates changes directed by the City Council at that meeting. Staff recommends City Council adoption of this operating and capital budget for Fiscal Year 2011-12 as amended.

**DISCUSSION**

The annual budget for FY11-12 and the budget forecast for FY12-13 include revenues, expenditures and available fund balances for all City funds, including those of ARRA and the CIC. It also includes summary budgetary information on the City's two discretely reported component units, i.e. the Alameda Housing Authority and Alameda Municipal Power, whose budgets were adopted previously by their legislative bodies. The budget document has been revised to adhere to standards established by the California Society of Municipal Finance Officers (CSMFO) and the Government Finance Officers Association (GFOA).

The attached revised budget reflects continued weaknesses in the local economy and housing market, resulting in Staff working diligently to reduce expenditures in targeted areas, while striving to minimize the impacts on community service levels, in order to balance expenditures with declining revenues. The proposed General Fund reductions, changes and use of one-time funds (along with their projected savings) include:

General Government Reductions (\$284K or 7%)

- *City Attorney* – Reorganize the department
- *City Council* – Reduce the budgeted amount of memberships
- *City Manager* – Reorganize the department and reduce use of contractual services
- *Information Services* – Reduce use of contractual services

Administrative Services Reductions/Changes (\$195K or 6%)

- *Human Resources* – Reduce use of contractual services, materials and supplies
- *Finance* – Prepare fee / cost allocation study in-house and use an outside firm to conduct a business license audit on a contingency basis

Public Safety Reductions

- *Fire* – Eliminate 1 Deputy Fire Chief, reclassify 1 Deputy Fire Chief, eliminate non-sworn staffing (4 FTEs total), and reduce materials and supplies (\$800K or 3.5%)
- *Police* – Outsource Animal Shelter to another community or non-profit after November 1, using Shelter donations and Police operating dollars as bridge funding; eliminate 4 vacant Police Officers positions (9 FTEs total) – (\$1.3 million or 5%)

Other Departments Reductions

- *Parks and Recreation* – Reduce / change staffing (3 FTEs) (\$325K or 7%)
- *Public Works* – Reallocate Traffic Operations to Gas Tax Fund and reduce / change staffing (3 FTEs across multiple funds) – (\$214K or 15%)
- *Library* – Reduce part-time staffing and hours at the two branches – adjusted to add back Sunday hours at Main library (\$153K or 7%)

Use of One Time Funds/Reserves

- Transfer CIP Discretionary unrestricted funds to General Fund – (\$2.7 Million)
- Add back Golf contributions for six months (\$290K)
- Receive repayment of loan to FISC Fund for public safety services – (\$480K)
- Use Available Reserves – (\$894K – revised from initial estimate of \$804K)

As a result of incorporating the above items into the final budget, the City's General Fund is projected to have an available fund balance of approximately \$15 million at the end of FY11-12, or approximately 21% of its annual expenditure budget. This reserve level achieves the City Council's goal of maintaining reserves equal to at least 20% of the annual expenditure budget.

The City's total budget (including CIC and ARRA) for FY11-12 is approximately \$204 million, exclusive of Alameda Housing Authority and Alameda Municipal Power. The chart below shows the revenues, expenditures and ending available fund balances projected for each of the City's major fund types. It should be noted that most of these funds, other than the City's General and Internal Service Funds, are restricted in nature and may only be expended on specific programs.

<b>Fund Group</b>	<b>Revenues and Transfers In</b>	<b>Expenses and Transfers Out</b>	<b>Ending Available Balance</b>
General	\$71,007,150	\$71,901,639	\$15,146,393
Special Revenue	50,390,916	57,429,312	34,064,040
Capital Project	14,891,143	28,068,864	17,244,639
Debt Service	7,724,760	8,508,245	10,115,343
Enterprise	12,516,615	16,930,302	9,133,383
Internal Service	14,109,841	12,951,315	6,109,455
Agency	5,165,500	6,545,882	13,199,593
Pension Trust	2,049,585	2,049,585	0
Totals	\$177,855,510	\$204,385,144	\$105,012,846

The financial summaries incorporated into the budget document contain extensive financial information, comparative data, and details by fund, department and program, as well as graphic representations of revenues and expenditures by sources and uses. Department budgets are organized by program, showing program accomplishments, goals, significant changes, the net cost of each program, funding sources and full time staff allocation.

As part of the May 31, 2011 budget study session, the City Council also provided direction to Staff to continue to work on addressing the remaining budget structural deficits that the City will be facing over the next few years, as illustrated in the table on the following page. As part of this direction, staff will be negotiating with employee bargaining units regarding several proposed cost-cutting measures, implementing a new cost allocation and fee study, and polling residents to determine their support for various types of proposed revenue ballot measures. Staff will provide the City Council with an update on all of these items during FY11-12.

**5 Year Projections for FY11-12 through 15-16  
(In Millions) - with reductions**

	11-12	12-13	13-14	14-15	15-16
<b>Revenues</b>	\$ 67.5	\$ 68.2	\$ 70.1	\$ 72.2	\$ 74.3
<b>Expenses</b>	75.0	76.0	78.7	81.0	83.4
<b>Less Reductions</b>	(3.1)	(3.2)	(3.6)	(3.7)	(3.8)
<b>One-Time Funds</b>	3.5	0.7			
<b>Deficit For Year</b>	\$ (0.9)	\$ (3.9)	\$ (5.0)	\$ (5.1)	\$ (5.3)
<b>Ending Available Fund Balance</b>	\$ 15.1	\$ 11.2	\$ 6.2	\$ 1.1	\$ (4.2)
<b>% of Expenses</b>	21%	15%	8%	1%	N/A

**FINANCIAL IMPACT**

Approval of this document by the City Council, CIC and ARRA will authorize departments to operate in accordance with the budgets established in the attached document for FY11-12, subject to subsequent Council modifications. Quarterly reports, which reflect the financial status of all City, ARRA and CIC funds, will continue to be submitted to the City Council on a regular basis.

**MUNICIPAL CODE/POLICY DOCUMENT CROSS REFERENCE**

The City of Alameda City Charter requires that the City Manager transmit to the City Council (and related legislative entities) a detailed annual budget which includes estimated revenues and expenditures of the City for all funds and departments for the subsequent fiscal year. This document is submitted in compliance with that requirement.

**RECOMMENDATION**

Adopt Resolutions for the City of Alameda, Community Improvement Commission (CIC) and the Alameda Reuse and Redevelopment Authority (ARRA) Approving and Adopting the Operating and Capital Budget for Fiscal Year 2011-2012.

Respectfully submitted,



Lisa Goldman  
Assistant City Manager

Honorable Mayor and Members of the City Council  
Honorable Chair and Members of the CIC  
Honorable Chair and Members of the ARRA

June 28, 2011  
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Approved as to funds and accounts:

A handwritten signature in black ink, appearing to read "Fred Marsh", with a stylized, flowing script.

Fred Marsh  
Controller

Exhibit:

1. Budget and Forecast Fiscal Years 2011-12 and 2012-13 - on file in City Clerk's office

CITY OF ALAMEDA RESOLUTION NO. \_\_\_\_\_

APPROVING AND ADOPTING THE OPERATING AND CAPITAL BUDGET  
FOR FISCAL YEAR 2011-2012

WHEREAS, there has been submitted to and filed with this City Council at this meeting, a budget representing the financial plan for conducting the affairs for the City of Alameda for the Fiscal Year beginning July 1, 2011 and ending June 30, 2012; and

WHEREAS, the City Council has considered this financial plan at a duly noticed special meeting of the City Council; and

WHEREAS, the City Council has given this financial plan due consideration as to its projected revenues, anticipated expenditures and available fund balances; and

WHEREAS, this financial plan ensures that the City of Alameda, including all funds, entities and component units, has exercised prudent judgment in its fiduciary responsibility as guardians of the public tax dollars.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Alameda that said budget as submitted to the City Council at this meeting is hereby approved and adopted as the operating and capital budget for the City of Alameda for Fiscal Year 2011-12, and that the expenditure by each fund, department and program are hereby approved and authorized as the total appropriations for the Fiscal Year ending June 30, 2012.

\* \* \* \* \*

Approved as to Form

City Attorney

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Council of the City of Alameda in a regular meeting assembled on the 28th day of June, 2011, by the following vote to wit:

AYES

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the seal of said City this 29th day of June, 2011.

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Lara Weisiger, City Clerk  
City of Alameda

COMMUNITY IMPROVEMENT COMMISSION  
RESOLUTION NO. \_\_\_\_\_

APPROVING AND ADOPTING THE OPERATING AND CAPITAL BUDGET  
FOR FISCAL YEAR 2011-2012

Approved as to Form

General Counsel

WHEREAS, there has been submitted to and filed with the Community Improvement Commission (Commission) at this meeting, a budget representing the financial plan for conducting the affairs of the Commission for the City of Alameda for the Fiscal Year beginning July 1, 2011 and ending June 30, 2012; and

WHEREAS, the Commission has considered this financial plan at a duly noticed special meeting of the Commission; and

WHEREAS, the Commission has given this financial plan due consideration as to its projected revenues, anticipated expenditures and available fund balances; and

WHEREAS, this financial plan ensures that the Commission has exercised prudent judgment in its fiduciary responsibility as guardians of the public tax dollars.

NOW, THEREFORE, BE IT RESOLVED by the Commission of the City of Alameda that said budget as submitted to the Commission at this meeting is hereby approved and adopted as the operating and capital budget for the Commission for Fiscal Year 2011-12, and that the expenditures are hereby approved and authorized as the total appropriations for the Fiscal Year ending June 30, 2012.

\* \* \* \* \*



I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Community Improvement Commission of the City of Alameda in a Special Community Improvement Commission meeting assembled on the 28th day of June, 2011, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the official seal of said Commission this 29th day of June, 2011.

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Lara Weisiger, Secretary  
Community Improvement Commission

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Marie Gilmore, Chair  
Community Improvement Commission

ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY  
RESOLUTION NO. \_\_\_\_\_

APPROVING AND ADOPTING THE OPERATING AND CAPITAL BUDGET  
FOR FISCAL YEAR 2011-2012

Approved as to Form

General Counsel

WHEREAS, there has been submitted to and filed with the Alameda Reuse And Redevelopment Authority (Authority) at this meeting, a budget representing the financial plan for conducting the affairs of the Authority for the City of Alameda for the Fiscal Year beginning July 1, 2011 and ending June 30, 2012; and

WHEREAS, the Authority has considered this financial plan at a duly noticed special meeting of the Authority; and

WHEREAS, the Authority has given this financial plan due consideration as to its projected revenues, anticipated expenditures and available fund balances; and

WHEREAS, this financial plan ensures that the Authority has exercised prudent judgment in its fiduciary responsibility as guardians of the public tax dollars.

NOW, THEREFORE, BE IT RESOLVED by the Authority of the City of Alameda that said budget as submitted to the Authority at this meeting is hereby approved and adopted as the operating and capital budget for the Authority for Fiscal Year 2011-12, and that the expenditures are hereby approved and authorized as the total appropriations for the Fiscal Year ending June 30, 2012.

\* \* \* \* \*

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Governing Board of the Alameda Reuse and Redevelopment Authority in regular meeting assembled on the 28th day of June, 2011, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the official seal of the said Authority this 29<sup>th</sup> day of June, 2011.

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Irma Glidden, Secretary  
Alameda Reuse and Redevelopment Authority